



Joint Legislative Audit Committee
Office of the Auditor General



**FINANCIAL AUDIT REPORT
COMMISSION ON PEACE OFFICER
STANDARDS AND TRAINING
YEAR ENDED JUNE 30, 1979**

**REPORT TO THE
CALIFORNIA LEGISLATURE**

REPORT OF THE
OFFICE OF THE AUDITOR GENERAL
TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE

632

FINANCIAL AUDIT REPORT
COMMISSION ON PEACE OFFICER
STANDARDS AND TRAINING
YEAR ENDED JUNE 30, 1979

MARCH 1980



California Legislature

Joint Legislative Audit Committee

GOVERNMENT CODE SECTION 10500 et al

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S. FLOYD MORI
CHAIRMAN

March 12, 1980

632

The Honorable Speaker of the Assembly
The Honorable President pro Tempore of the Senate
The Honorable Members of the Senate and the
Assembly of the Legislature of California

Members of the Legislature:

Your Joint Legislative Audit Committee respectfully submits the Auditor General's financial audit report of the Commission on Peace Officer Standards and Training, year ended June 30, 1979.

The auditors are Richard LaRock, CPA, Audit Manager; Del Pelagio, CPA; Pat Duncan; and Ramon Juarez.

Respectfully submitted,

S. FLOYD MORI
Assemblyman, 15th District
Chairman, Joint Legislative
Audit Committee

Attachment

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INTRODUCTION

In response to a resolution of the Joint Legislative Audit Committee and in compliance with federal Office of Revenue Sharing regulations, we have conducted a financial audit of the Commission on Peace Officer Standards and Training. This audit was conducted under the authority vested in the Auditor General by Section 10527 of the Government Code.

The Commission on Peace Officer Standards and Training has these principal objectives:

- To raise the level of competence of California peace officers;
- To increase the effectiveness of law enforcement personnel by developing education and training courses;
- To solve administrative or operational problems related to management of operational techniques and procedures of local law enforcement agencies;
- To provide research assistance and to implement workable solutions;
- To execute the commission's policies and to assure its compliance with state regulations;

- To encourage and assist local law enforcement agencies in meeting and maintaining standards in the selection and training of law enforcement officers.

The programs of the Commission on Peace Officer Standards and Training are supported by penalty assessments on every fine, penalty, and forfeiture imposed and collected by the courts for criminal offenses, excluding violations of Fish and Game Code and other offenses expressly exempted from penalty assessment provisions of Section 42050 of the Vehicle Code. Also, 25 percent of the penalty assessments on traffic fines serves to support the commission's programs.

AUDITOR'S OPINION

To the Joint Legislative Audit Committee of the California Legislature:

We have examined the combined balance sheet of the Commission on Peace Officer Standards and Training as of June 30, 1979 and the related statements of revenues, expenditures, and changes in fund balance for the year then ended. Except as set forth in the following paragraphs, our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As discussed in Note 5 of the Notes to the Financial Statements, the commission received a substantial portion of the revenue of the Peace Officers' Training Fund from penalties on traffic fines and criminal fines which the State Treasurer receives from county treasurers. It was not practicable to satisfy ourselves with respect to such revenues beyond the amounts recorded as received.

As discussed in Note 4 of the Notes to the Financial Statements, the commission has not maintained an adequate record of its general fixed assets amounting to \$214,515. It was not practicable to satisfy ourselves by appropriate audit test or by other means because of incomplete records. Accordingly, we are unable to express an opinion on the General Fixed Assets Account Group of the Peace Officers' Training Fund.

In our opinion, except for the effects, if any, of the matters discussed in the preceding paragraphs, the aforementioned financial statements present fairly the financial position of the Commission on Peace Officer Standards and Training at June 30, 1979 and the results of operations and changes in fund balance for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The accompanying supplemental information and the column amounts on the accompanying combined balance sheet captioned "Totals - Memorandum Only" for June 30, 1979, are not necessary for a fair presentation of the financial statements but are presented as additional analytical data. The supplemental information has been subjected to the tests and other auditing procedures applied in the examination of the financial statements listed in the foregoing Table of Contents and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

The column amounts on the accompanying combined balance sheet and statements of revenues, expenditures, and changes in fund balance for the year ended June 30, 1978, which are presented for comparative purposes only, were not audited by us and, accordingly, we do not express an opinion on them.



WESLEY E. VOSS
Assistant Auditor General

Date: August 17, 1979

Staff: Richard LaRock, CPA
DeI Pelagio, CPA
Pat Duncan
Ramon Juarez

COMMISSION ON PEACE OFFICER STANDARDS AND TRAINING

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUP

JUNE 30, 1979
(With Unaudited Amounts for 1978)

	Governmental Fund Type	Fiduciary Fund Type	Account Group	Totals (Memorandum Only)	
	Special Revenue	Special Deposit	General Fixed Assets	June 30, 1979	June 30, 1978
<u>ASSETS</u>					
Cash	\$ 29,702	\$12,650	\$ --	\$ 42,352	\$ 27,202
Deposits in Surplus Money Investment Fund (Note 3)	6,373,000	--	--	6,373,000	6,746,000
Due from Surplus Money Investment Fund	282,907	--	--	282,907	226,082
Accounts receivable	562,536	--	--	562,536	11,571
Allowance for deferred and uncollectible accounts receivable	--	--	--	--	(1,834)
Expense advances to employees	5,572	--	--	5,572	8,174
Equipment (Note 4)	--	--	214,515	214,515	195,692
Total Assets	<u>\$7,253,717</u>	<u>\$12,650</u>	<u>\$214,515</u>	<u>\$7,480,882</u>	<u>\$7,212,887</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Liabilities:					
Accounts payable	<u>\$3,966,762</u>	<u>\$12,650</u>	\$ --	<u>\$3,979,412</u>	<u>\$5,487,225</u>
Fund Equity:					
Investments in General Fixed Assets (Note 4)	--	--	214,515	214,515	195,692
Fund balance (Note 7)	<u>3,286,955</u>	<u>--</u>	<u>--</u>	<u>3,286,955</u>	<u>1,529,970</u>
Total Fund Equity	<u>3,286,955</u>	<u>--</u>	<u>214,515</u>	<u>3,501,470</u>	<u>1,725,662</u>
Total Liabilities and Fund Equity	<u>\$7,253,717</u>	<u>\$12,650</u>	<u>\$214,515</u>	<u>\$7,480,882</u>	<u>\$7,212,887</u>

The notes to the financial statements are an integral part of this statement.

COMMISSION ON PEACE OFFICER STANDARDS AND TRAINING

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1979
(With Unaudited Amounts for 1978)

	1979		Variance -	1978
	Budget as Adjusted	Actual	Favorable (Unfavorable)	Actual
Revenues: (Notes 2 & 5)				
Penalties on traffic fines	\$ 8,800,000	\$ 9,827,000	\$1,027,000	\$ 8,900,845
Penalties on criminal fines	3,800,000	4,408,523	608,523	3,997,296
Income from Surplus Money				
Investment Fund	350,000	520,560	170,560	432,603
Miscellaneous revenues	3,500	7,315	3,815	4,328
Intergovernmental revenues (Note 6)	252,700	252,693	(7)	32,444
Prior year revenue adjustment	--	(15,083)	(15,083)	(762,894)
Total Revenues	<u>13,206,200</u>	<u>15,001,008</u>	<u>1,794,808</u>	<u>12,604,622</u>
Expenditures: (Note 2)				
Current:				
Personal services	1,927,754	1,900,982	26,772	1,869,432
General expenses	118,879	68,921	49,958	76,963
Printing	57,390	45,928	11,462	40,169
Communications	54,189	50,006	4,183	53,525
Travel-in-state	160,596	145,065	15,531	165,619
Travel-out-of-state	9,428	1,667	7,761	2,158
Facilities operation	112,872	88,348	24,524	88,421
Contractual services	53,736	27,325	26,411	8,602
Prorated administrative expense	106,324	99,776	6,548	128,211
Equipment	55,064	55,062	2	44,062
Local assistance	<u>11,152,392</u>	<u>10,799,173</u>	<u>353,219</u>	<u>12,552,392</u>
Total Current Expenditures	<u>13,808,624</u>	<u>13,282,253</u>	<u>526,371</u>	<u>15,029,554</u>
Prior year expenditure adjustment	--	(38,230)	38,230	284,648
Total Expenditures	<u>13,808,624</u>	<u>13,244,023</u>	<u>564,601</u>	<u>15,314,202</u>
Excess of Revenues over (under) Expenditures	(602,424)	1,756,985	2,359,409	(2,709,580)
Fund Balance - July 1	<u>1,529,970</u>	<u>1,529,970</u>	--	<u>4,239,550</u>
Fund Balance - June 30 (Note 7)	<u>\$ 927,546</u>	<u>\$ 3,286,955</u>	<u>\$2,359,409</u>	<u>\$ 1,529,970</u>

The notes to the financial statements are an integral part of this statement.

COMMISSION ON PEACE OFFICER
STANDARDS AND TRAINING
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1979

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements reflect the financial position and results of operations of the Commission on Peace Officer Standards and Training. The statements have been prepared in conformity with generally accepted accounting principles applicable to state and local government as prescribed by the American Institute of Certified Public Accountants and by the National Council on Governmental Accounting.

The accompanying financial statements are structured into a Governmental Fund Type, a Fiduciary Fund Type, and an Account Group. The State Controller maintains the central accounts for all state funds and annually publishes fund statements.

GOVERNMENTAL FUND TYPES

Governmental Fund Types are those through which most governmental functions are financed. The acquisition, use, and balances of the government's expendable financial resources and the related current liabilities are accounted for through governmental funds. The Special Revenue Fund is the only Governmental Fund Type of the Commission on Peace Officer Standards and Training.

Special Revenue Fund

This fund is used to account for specific revenues and operating expenditures earmarked for particular activities. The Special Revenue Fund for the commission is the Peace Officers' Training Fund. This fund is maintained on the modified accrual basis of accounting. These are some its more significant elements:

Income

Throughout the fiscal year income including revenues and transfers is accounted for on a cash basis. At June 30, these accounts are adjusted to accrue earned but uncollected income.

Expenditures

Expenditures are accounted for at the time claims for payment are filed with the State Controller. At June 30, all valid expenditure commitments against budget appropriations are accrued as expenditures, including encumbrances outstanding for which no goods or services have been received.

Liabilities

Retirement Plan - Regular employees of the commission are members of the Public Employees Retirement System (PERS) which is a defined benefit, contributory retirement plan. The amount the agency and employees contribute to PERS is actuarially determined under a program in which contributions plus retirement system earnings provide the necessary funds to pay retirement costs as accrued. Retirement contributions for the year totaled \$255,615.

Vacation and Sick Leave - Costs of vacation and sick leave are charged at the time these benefits are used rather than when they are earned.

FIDUCIARY FUND TYPES

Fiduciary Fund Types are used to account for assets held by a governmental unit as a trustee or as an agent for individuals or private organizations. These are included in the Fiduciary Fund Types:

Special Deposit Fund

The commission maintains an account in the Special Deposit Fund as an agency fund to account for money received from the Federal Government for special purposes.

Assets and Liabilities

Assets and liabilities are accounted for on a modified accrual basis. At the time an asset is received, a liability is incurred. Agency funds are purely custodial, that is, they serve as a depository for monies destined for a specific purpose and thus do not involve measurement of operations.

ACCOUNT GROUP

The Account Group is used to account for general fixed assets. Assets purchased are recorded as expenditures in the appropriate fund in the year of acquisition or encumbrance. General fixed assets increased by a net of \$18,823 during the fiscal year.

2. BUDGETED REVENUES AND EXPENDITURES

The amounts shown under "Budget as Adjusted" for revenues and detailed expenditure accounts reflect the Governor's Budget after allowing for amendments to the Budget Act, interim statutory changes affecting appropriations, and authorized executive budget revisions issued during the year.

3. DEPOSITS IN SURPLUS MONEY INVESTMENT FUND

This account includes temporary cash reserves of commission funds transferred to the Surplus Money Investment Fund for cash flow and pooled investment purposes. Earnings derived from investments of the Surplus Money Investment Fund are apportioned to the contributing funds in proportion to the cash resources each fund provided during the period. Interest due from the Surplus Money Investment Fund is accrued at June 30, 1979.

4. GENERAL FIXED ASSETS ACCOUNT GROUP

The commission has not maintained an adequate record of its general fixed assets. For example, the commission did not prepare a detailed listing of its fixed assets accounting to the general ledger balance of \$214,515 nor did it maintain complete property cards. In addition, the commission did not reconcile the physical inventory of fixed assets to the account balance of the general ledger.

5. REVENUES

Penalties on criminal and traffic fines remitted by the County Treasurer to the State Treasury represent \$14,235,523 of the total \$14,763,398 in revenues. The commission does not have a monitoring system to assure that all revenues are received from local courts through the county treasurers.

6. INTERGOVERNMENTAL REVENUES AND GRANTS

Intergovernmental revenues represent receipts from the Federal Government in the form of grants. Grants are contributions which sometimes aid in the support of a specified function, such as, education, but they can also be designated for general purposes.

7. FUND BALANCE - SPECIAL REVENUE FUND

This account represents the balance of accounts which the Legislature may appropriate to the commission. The commission, in turn, allocates funds to cities, counties, or districts meeting the recruitment and training standards it has established.

SUPPLEMENTAL INFORMATION

The Statement of Changes in Assets and Liabilities of the Special Deposit Fund is presented to account for the commission's custodial responsibilities as an agent for the Peace Officers' Training Fund.

The Statement of Changes in Assets and Liabilities of the Special Deposit Fund is not considered necessary for a fair presentation of the Commission on Peace Officer Standards and Training's financial position, results of operations, and changes in financial position in conformity with generally accepted accounting principles. This supplemental information has been subjected to the audit procedures applied in the examination of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

COMMISSION ON PEACE OFFICER STANDARDS AND TRAINING

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUND TYPE - SPECIAL DEPOSIT FUND

FOR FISCAL YEAR ENDED JUNE 30, 1979

	<u>ASSETS</u>	Balance <u>July 1, 1978</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 1979</u>
Cash		\$ <u> --</u>	<u>\$235,104</u>	<u>\$222,454</u>	<u>\$12,650</u>
	<u>LIABILITIES</u>				
Accounts payable		\$ <u> --</u>	<u>\$235,104</u>	<u>\$222,454</u>	<u>\$12,650</u>

OTHER COMMENTS

As an integral part of our examination, we reviewed the commission's accounting procedures and related system of internal accounting control to the extent we considered necessary to properly form an opinion concerning the fairness with which the commission's financial statements present financial position and results of operations in accordance with generally accepted accounting principles consistently applied.

Our review enabled us to suggest improvements which would result in better operating procedures and controls. A management letter describing the suggested operating improvements was issued to the commission in conjunction with certain recommended adjusting entries necessary to achieve compliance with generally accepted accounting principles.

The commission generally concurs with the suggested operating improvements and adjusting entries. Our management letter and the commission's responses to our management letter and the financial audit report are included in the following appendices.

CHAIRMAN
RICHARD ROBINSON
ASSEMBLYMAN

VICE CHAIRMAN
ALBERT RODDA
SENATOR



California Legislature

Joint Legislative Audit Committee

GOVERNMENT CODE SECTION 10500 et al

Office of the Auditor General

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SACRAMENTO 95814
(916) 445-0255

December 18, 1979

Management Letter 632

Mr. Norman C. Boehm, Executive Director
Commission on Peace Officer Standards
and Training
7100 Bowling Drive
Sacramento, California 95823

Dear Mr. Boehm:

The audit report on examination of the financial statements of the Commission on Peace Officer Standards and Training for the period ended June 30, 1979 will contain a qualified opinion on revenues and a disclaimer opinion on fixed assets. That is, in our opinion, except for the effects of (1) revenues beyond the amounts recorded as received, if any, and (2) inadequate records which precluded us from forming an opinion on fixed assets, the financial statements present fairly the financial position of the Commission on Peace Officer Standards and Training as of June 30, 1979 and the results of operations and changes in fund balance for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with the preceding year. Certain adjusting entries, however, were necessary in order to achieve compliance with generally accepted accounting principles as defined by the American Institute of Certified Public Accountants and the National Council on Governmental Accounting.

As an integral part of our examination, we reviewed the commission's accounting procedures and related system of internal accounting control to the extent we considered necessary to properly form an opinion concerning the fairness with which the commission's financial statements present financial position and results of operations in accordance with generally accepted accounting principles consistently applied. The review of accounting procedures and related system of internal accounting control enables us to suggest improvements which may result in better operating procedures or in better internal accounting controls.

Mr. Norman C. Boehm, Executive Director
Commission on Peace Officer Standards
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FINDINGS AND RECOMMENDATIONS

REVENUES FROM PENALTY ASSESSMENTS

Section 13521 of the Penal Code provides that the Peace Officers' Training Fund shall receive revenues from penalty assessments

in an amount equal to five dollars (\$5) for every twenty dollars (\$20), or fraction thereof, of every fine, penalty, and forfeiture imposed and collected by the courts for criminal offenses....

These revenues do not include violations of the Fish and Game Code or offenses included within the penalty assessment provisions of the Vehicle Code.

Section 42050 of the Vehicle Code, states that a similar \$5 penalty assessment be levied on many offenses involving (1) a violation of the Vehicle Code or (2) local ordinances adopted pursuant to the Vehicle Code. The Vehicle Code also provides that the Peace Officers' Training Fund shall receive 25 percent of Vehicle Code penalty assessments. The remaining 75 percent is to be deposited in the Driver Training Penalty Assessment Fund.

The courts collect these penalty assessments and transmit them to the county treasurers, who remit them to the State Treasurer to be deposited in the proper fund.

The commission does not, however, have a monitoring system to assure that the Peace Officers' Training Fund receives all revenues to which it is entitled. The commission, in coordination with the State Controller, should adopt specific controls.

- For example, the Controller should review summaries of total penalty assessments transmitted by the courts to the county treasurers to assure that all penalty assessments are remitted to the State Treasurer. Also, the Controller should monitor the distribution of penalty assessments on

Mr. Norman C. Boehm, Executive Director
Commission on Peace Officer Standards
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December 18, 1979
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traffic fines between the Peace Officers' Training Fund and the Driver Training Penalty Assessment Fund. Some counties combined juvenile penalty assessments and driver training penalty assessments when remitting revenues to the State Treasurer. The State Controller should ensure that counties segregate these penalty assessments to adhere to Section 42050 of the Vehicle Code which prohibits penalty assessments from being imposed upon minors for vehicular violations.

- The Controller should also monitor the activities of county auditors who review the collections and remittances of penalty assessments.

The State Controller is authorized to direct and oversee the collection of all money due the State as stated in Government Code Sections 12416 to 12418. The Controller is also authorized under Section 26909 of the Government Code to set minimum requirements for audits conducted by county auditors or independent accountants.

Recommendation:

We recommend that the commission, in coordination with the State Controller, monitor the calculation of revenues, distribution of revenues between funds, and the activities of county auditors who review the collection and remittance of penalty assessments.

PAYMENTS TO CITIES,
COUNTIES, AND DISTRICTS

The commission's pre-disbursement controls over reimbursements to cities, counties, and districts for peace officers' training are inadequate. The State Controller pays claims for reimbursement of training expenses based on the commission's certification of expenditures. The commission, however, does not require the counties, cities, and districts to submit information or to certify whether:

Mr. Norman C. Boehm, Executive Director
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- Peace Officers were on-duty while receiving training;

Peace officers' salaries were paid from federal grants or from other funds;

Cities, counties, and districts actually incurred expenses for tuition, meals, lodging, and other related expenses; or

Rates claimed exceed the cities, counties, and district's own authorized rates.

Recommendation:

We recommend that the commission require cities, counties, and districts to certify the items listed above to strengthen its internal accounting controls.

The Office of the State Controller, under contract with the commission, performs post audits of cities, counties, and districts participating in the commission's reimbursement program. The State Controller found audit exceptions within 66.7 to 84.9 percent of the cities, counties, and districts audited in fiscal years ending 1975 through 1978. Although, a large percentage of participants had audit exceptions, the amount of these exceptions was small. The total amount of audit exceptions was \$20,345 for 1977 and \$13,636 for 1978. The table below details the number of participants included within the controller's post audits and the number and corresponding percentage of audit exceptions found, along with the total monies audited, total amount of audit exceptions, and percentage of amount with audit exceptions.

PARTICIPATING CITIES, COUNTIES, AND DISTRICTS AUDITED

<u>Audit Year</u>	<u>Number of Participants Audited</u>	<u>With Audit Exceptions</u>	<u>Percentage of Participants With Audit Exceptions</u>	<u>Amount of Monies Audited</u>	<u>Amount of Audit Exceptions</u>	<u>Percentage of Audit Exceptions to Monies Audited</u>
1975	53	45	84.9	\$2,018,095	\$52,387	2.59
1976	48	34	70.8	3,170,768	41,166	1.29
1977	37	25	67.6	767,455	20,345	2.65
1978	18	12	66.7	815,049	13,636	1.67

Mr. Norman C. Boehm, Executive Director
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The contract cost of conducting the 1977 and 1978 audits was \$45,000 per year. Because of the small amount of audit exceptions in recent years in comparison to audit contract cost, we believe the commission should reevaluate the need for such audits. The commission should also determine whether its desk audit unit could replace the field audits if source documents were attached to the claims. This would encourage the participants to comply promptly with the commission's reimbursement requirements.

Recommendation:

We recommend that the commission determine whether it should contract with the State Controller to conduct post audits of cities, counties, and districts participating in the commission's reimbursement program or whether the commission's desk audit unit should assume the task by requiring that those entities submit source documents supporting claims for reimbursement.

CASH

The accounting controls over cash transactions are inadequate for several reasons. First, the same person who receives and deposits remittances reconciles the bank account and, maintains the receipt register and the disbursement register. In addition, mail clerks do not list mail collections when first opening the mail. After mail collections are receipted, they are delivered to someone other than the person who records and prepares the bank deposit. Also, paid checks are not delivered to the reconciler unopened. Furthermore, revolving fund disbursements of \$4,644.41 were not properly authorized. We found that checks for salary advances, travel advances, and the postage meter were prepared and signed without the approval of proper officials.

Recommendation:

We recommend that the commission establish proper separation of duties, proper record procedures, and a system of authorization to assure reasonable accounting control.

Mr. Norman C. Boehm, Executive Director
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and Training
December 18, 1979
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PROPERTY

We found these following weaknesses in the accounting controls of property:

- The accounting unit did not prepare a listing of property cards to support the balance of the general ledger;
- Tags or decals of some properties are missing;
- The commission did not reconcile the physical inventory of property to the general ledger;
- The commission did not store the unassigned property in a central location.

Recommendation:

We recommend that the commission adopt these improvements:

- Generate a listing on property cards and compare the balance with the control account;
- Tag all property;
- Reconcile the physical inventory of property to the general ledger accounts;
- Store unassigned property in a central location and designate an employee who will be responsible for the property.

Mr. Norman C. Boehm, Executive Director
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ADJUSTING ENTRIES

To aid in the fair presentation of your financial statements for the year ending June 30, 1979, we made certain adjusting entries. The entries bring your financial statements into conformance with generally accepted accounting principles. The effects of the following entries were reflected in the financial records of the commission subsequent to June 30, 1979.

SPECIAL REVENUE FUND

	<u>Debit</u>	<u>Credit</u>
Accounts Receivable - Revenue	\$510,402	
Fund Balance	33,268	
Revenues		\$543,670

To reflect net accruals of June assessments received in July and August for the years 1977, 1978, and 1979.

Fund Balance	\$10,000	
Accounts Payable		\$10,000

To correct fund balance as a result of increase deficiency appropriation from \$640,000 to \$650,000 in 1978.

Liability for Installment Purchase Contracts	\$1,550	
Equipment		\$1,550

To close liability for installment purchase which was fully paid.

Mr. Norman C. Boehm, Executive Director
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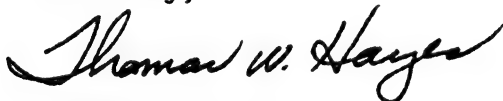
SPECIAL DEPOSIT FUND

	<u>Debit</u>	<u>Credit</u>
Cash in State Treasury	\$12,650	
Agency Trust Fund Cash		\$12,650
To correct general ledger account for amount remitted in the Special Deposit Fund.		
Accounts Payable	\$ 49,474	
Fund Balance	235,104	
Appropriation Expenditures		\$271,928
Accounts Payable		12,650
To correct accruals made at June 30, 1979 and to set up liability to Peace Officers' Training Fund of \$12,650 as reflected in Cash in State Treasury.		

State agencies have ten working days to respond in writing to management letters of the Office of the Auditor General. We would appreciate receiving your written response to this management letter by January 2, 1980.

If you have any questions concerning the contents of this letter, please contact Ms. Pat Duncan at 323-3831.

Sincerely,



THOMAS W. HAYES
Auditor General

TWH:RL:bg

Staff: Richard LaRock, CPA
Del Pelagio, CPA
Pat Duncan
Ramon Juarez

cc: Assemblyman Richard Robinson, Chairman
Joint Legislative Audit Committee

Mary Ann Graves, Director
Department of Finance

STATE OF CALIFORNIA

EDMUND G. BROWN JR., Governor

DEPARTMENT OF JUSTICE

GEORGE DEUKMEJIAN, Attorney General

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Standards and Training
Management Counseling
(916) 445-0345ADMINISTRATION DIVISION
Administration
(916) 322-2235
Center for Police Management
(916) 445-4515
Certified Course Records
(916) 322-2180
Professional Certificates
(916) 322-2237
Reimbursements
(916) 322-2238
Resource Library
(916) 445-4515
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December 28, 1979

Thomas W. Hayes
Auditor General
Office of the Auditor General
925 L Street, Suite 750
Sacramento, CA 95814

Dear Mr. Hayes:

re: Management Letter 632

I have reviewed your staff's audit findings of the Commission on Peace Officer Standards and Training financial records. I feel the findings are constructive. Specific responses to the audit findings follow:

Recommendation #1

"We recommend that the Commission, in coordination with the State Controller, monitor the calculation of revenues, distribution of revenues between funds, and the activities of County Auditors who review the collection and remittance of the penalty assessments."

Staff Response

We concur in this recommendation and, on Commission's approval, will contact the State Controller to use their field resources to assure that the penalty assessments are, in fact, going to POS T.

Auditor's Recommendation #2

"We recommend that the Commission require cities, counties and districts to certify the items listed above to strengthen its internal accounting controls."

Thomas Hayes
Office of the Auditor General

Staff Response

Staff should look at the matter carefully and make recommendations on what kind of certification of claims is desirable and practical from the field in justifying claims for salary reimbursement. We really need a review to see whether the whole process can be made, on the one hand, more accurate and, on the other, be simplified. This would be done as part of the POST resource management system structure.

Auditor's Recommendation #3

"We recommend that the Commission determine whether it should contract with the State Controller to conduct POST audits of cities, counties and districts participating in the Commission reimbursement program or whether the Commission's desk audit unit should assume the task by requiring that those entities submit source documents supporting claims for reimbursement."

Staff Response

We feel it would be more appropriate to have the State Controller do POST audits of a sampling of cities and counties and districts participating in the POST program rather than require the agencies to submit source documents. Information on the source documents would have been received as part of the certification. (See recommendation #2.)

Auditor's Recommendation #4

"We recommend that the Commission establish proper separation of duties, proper record procedures and a system of authorization to show reasonable accounting control."

Staff Response

This comment refers to certain procedures in handling cash and checks. Staff has already taken steps to correct the cash and check handling system.

Thomas Hayes
Office of the Auditor General

Auditor's Recommendation #5

"We recommend that the Commission adopt these improvements-- generate a listing on property cards and compare the balance with the control account, tag all property, reconcile the physical inventory of property to the general ledger accounts, store unassigned property in a central location, and designate an employee who will be responsible for the property.

Staff Response

Steps to make these corrections are already underway.

The last two pages of the auditor's letter refer to adjusting entries. These are, basically, a series of bookkeeping adjustments. We view these as technical adjustments, cash balances were not affected by them. I am not in agreement with the entry that adjusts revenue by \$540,670.00. According to direction received from the State Controller's office and information in the State Administrative Manual, revenues are accounted for on a cash, rather than accrual basis.

Sincerely,

A handwritten signature in cursive script, reading "Norman C. Boehm".

NORMAN C. BOEHM
Executive Director

DEPARTMENT OF JUSTICE

GEORGE DEUKMEJIAN, Attorney General

COMMISSION ON PEACE OFFICER STANDARDS AND TRAINING

7100 BOWLING DRIVE, SUITE 250
SACRAMENTO 95823EXECUTIVE OFFICE
General Administration
(916) 445-4515OPERATIONS DIVISION
Standards and Training
Management Counseling
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Administration
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Center for Police Management
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Professional Certificates
(916) 322-2237
Reimbursements
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January 10, 1980

Thomas W. Hayes
Auditor General
Office of the Auditor General
925 L Street, Suite 750
Sacramento, CA 95814

Dear Mr. Hayes:

re: Management Letter 632
Our reply dated Dec. 28, 1979After reviewing the audit findings with your staff
on Tuesday, January 8, 1980, I now concur with
all recommendations.

Sincerely,

A handwritten signature in cursive script that reads "Norman C. Boehm".

NORMAN C. BOEHM
Executive Director

STATE OF CALIFORNIA

EDMUND G. BROWN JR., Governor

DEPARTMENT OF JUSTICE

GEORGE DEUKMEJIAN, Attorney General

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February 26, 1980

Thomas W. Hayes
Auditor General
Office of the Auditor General
925 L Street, Suite 750
Sacramento, CA 95814

Dear Mr. Hayes:

MANAGEMENT LETTER NO. 632

I have reviewed your staff's audit findings of the Commission on Peace Officer Standards and Training financial records. I am in agreement with the findings but would like to make a brief comment regarding the findings on pages 3 and 9.

Staff has completed an inventory and reconciliation of the fixed asset accounts. A listing of property cards is in the process of being typed and all fixed assets have been tagged.

We are contacting the State Controller's Office to determine the feasibility of developing an audit program that will ensure receipt of all revenues legally due the Peace Officer Training Fund.

Sincerely,

A handwritten signature in cursive script that reads 'Norman C. Boehm'.

NORMAN C. BOEHM, Executive Director

cc: Members of the Legislature
Office of the Governor
Office of the Lieutenant Governor
Secretary of State
State Controller
State Treasurer
Legislative Analyst
Director of Finance
Assembly Office of Research
Senate Office of Research
Assembly Majority/Minority Consultants
Senate Majority/Minority Consultants
California State Department Heads
Capitol Press Corps